

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 EA-07 FRB-03

IO-11 NEA-10 OPIC-03 LAB-04 SIL-01 /130 W

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FM AMEMBASSY OSLO

TO SECSTATE WASHDC PRIORITY 1194

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSEELS

AMEMBASSY STOCKHOLM

USMISSION OECD PARIS

C O N F I D E N T I A L OSLO 0953

E.O. 11652: GDS

TAGS: ENRG, OECD, IEA, NO

SUBJ: IEA: U.S. VIEWS ON MEMBER COUNTRY ADHERENCE TO LONG-TERM
COOPERATION PROGRAM

REF: (A)STATE 39026(NOTAL) (B) OSLO 745 (C) STOCKHOLM 796

1. AMBASSADOR RAISED NORWEGIAN ADHERENCE TO LONG-TERM CO
OPERATIVE PROGRAM WITH FOREIGN MINISTER FRYDENLUND ON FEB 21.
DISCUSSION WITH FRYDENLUND FOLLOWED DEMARCHE BY DCM WITH
AMBASSADOR RAVNE ON FEBRUARY 19 AS INSTRUCTED IN REFTEL A
IN WHICH DCM NOTED THAT THERE APPEARED TO BE A DIFFERENCE OF
INTERPRETATION ABOUT PROSPECTS FOR THE LONG-TERM PROGRAM AND
ATTEMPTED TO CLARIFY THESE ISSUES.

2. FRYDENLUND SAID THEAT NORWEGIAN CABINET WAS QUITE FAVORABLE
DISPOSED TOWARDS LONG-TERM PROGRAM. AS REPORTED IN REFTEL B,
HE HAD SUBMITTED PROGRAM TO CABINET AND IT WAS BEING
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STUDIED BY THE MINISTRIES CONCERNED. HE BELEIVED THAT

NORWAY SHOULD TAKE A FLEXIBLE APPROACH TO THE PROGRAM AND THAT IT SHOULD BE READ AS A WHOLE WITHOUT TRYING TO PICK IT APART OR EXAMINING ELEMENTS UNFAVORABLE TO NORWAY TOO CLOSELY OR IN ISOLATION. HE PROMISED TO OPPOSE ANY CONTRARY APPROACH BY "EXPERTS" OR OTHER MINISTRIES. IF COUNTRIES COULD AGREE TO INTERPRET CHAPTER V RELATIVELY LOOSELY, CHAPTER II SHOULD BE LOOKED AT IN THE SAME WAY. WHAT WAS IMPORTANT NOW WAS TO GO FORWARD WITH A PROGRAM WHICH WOULD COVER THE NEXT FEW YEARS. THE \$7 MSP WAS ALL RIGHT. HE THOUGHT IT UNLIKELY TO BE BREACHED SOON AND THAT OVER THE LONGER RUN THE ISSUE WAS PROBABLY ACADEMIC. HIS MAIN CONCERN WAS VERY REAL DIFFICULTIES OF NORWEGIAN ADHERENCE WHICH WOULD BE CREATED IF IT WAS DETERMINED THAT NORWEGIAN OIL POLICY AND/OR RELATED LEGISLATION HAD TO BE CHANGED TO ALLOW ADHERENCE.

3. FRYDENLUND SAID THAT DAVIGNON TOLD HIM DURING HIS RECENT VISIT TO BRUSSELS THAT UNLESS NORWAY GOT IN LINE ON THE LONG-TERM PROGRAM BY THE NEXT GOVERNING BOARD MEETING AT THE END OF MARCH OTHER IEA MEMBERS WOULD BEGIN TO LOSE PATIENCE WITH NORWAY AND CREATE PROBLEMS FOR IT. FRYDENLUND AGREED, BUT WHEN I PRESSED HIM HE SAID HE COULD NOT SAY WHEN NORWEGIAN MINISTRIES WOULD COMPLETE THEIR REVIEW OF THE PROGRAM AND THEREFORE WAS UNABLE TO COMMIT HIMSELF ON NORWEGIAN ADHERENCE TO THE LONG-TERM PROGRAM BEFORE THE NEXT GB MEETING. HE CONFINED HIMSELF TO SAYING THAT NORWAY WOULD MAKE BEST EFFORT AND WOULD MAKE VERY POSITIVE STATEMENT AT GB IF IT COULD NOT ADHERE AT THAT TIME.

4. DURING CONVERSATION WITH DCM, RAVNE SAID HE WAS PLEASED TO HEAR THAT SPAIN HAD ALREADY LIFTED ITS RESERVATION AND THAT UK AND NEW ZEALAND EXPECTED TO FOLLOW SUIT SOON. HE NOTED THAT AT THE TIME OF HIS LAST TALK WITH THE EMBASSY (OSLO 745) IT WAS NOT CLEAR TO THE GON THAT THESE COUNTRIES WOULD LIFT THEIR RESERVATIONS AS QUICKLY AS THEY DID. THIS IN PART ACCOUNTED FOR HIS SOMEWHAT DOWNBEAT ASSESSMENT OF THE LONG-TERM PROGRAM IN REFTEL B.

5. RAVEN SAID THAT HE HAD UNDERSTOOD ALL ALONG THAT JAPAN AND
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SWEDEN HAVE ACCEPTED THE PRINCIPLE OF AN MSP. HOWEVER, AS FAR AS HE KNEW, THESE COUNTRIES PLANNED TO USE CONSUMPTION TAX TO IMPLEMENT IT THUS VIOLATING MSP FOR NORWAY. RAVNE REITERATED THE NORWEGIAN POSITION THAT AN MSP IMPLEMENTED IN THIS WAY WAS "NOT CREDIBLE TO NORWAY" SINCE IT WOULD NOT ADEQUATELY PROTECT THE OIL PRODUCTION OF IEA MEMBER COUNTRIES. RAVEN STATED THAT THIS POSITION WAS IN ACCORD WITH THE USG VIEW OF THE CONSUMPTION TAX SCHEME AS CONVEYED BY ASSISTANT SECRETARY ENDERS TO THE

LAST IEA BOARD MEETING.

6. IN ADDITION, RAVEN NOTED THAT THE EEC COULD NOT IMPLEMENT AN MSP WITHOUT FRENCH ADHERENCE, TO OBTAIN WHICH WILL TAKE TIME. THIS PROCEDURE FOR NORWAY, HE SAID, " A PERIOD OF UNCERTAINTY ABOUT THE LONG-TERM PROGRAM".

7. DCM TOOK NOTE OF RAVNE'S AGRUMENTS AND MADE THE POINT THAT THE USG REMAINS STONGLY HOPEFUL THAT NORWAY WILL BECOME A PARTICIPATING COUNTRY IN THE LONG-TERM COOPERATION PROGRAM AT THE EARLIEST TIME.

8. COMMENT: I AM SOMEWHAT MORE CONFIDENT ABOUT THE PROSPECTS OF NORWEGIAN ADHERENCE AFTER MY CONVERSATION WITH FRYDENLUND. I PLAN TO RAISE IEEUE WITH OTHER KEY OFFICIALS AT THE HIGHEST LEVEL AND BELEIVE IT WOULD BE HELPFUL IF DAVIGNON COULD ALSO KEEP PRESSURE ON NORWEGIANS AS FRYDENLUND WAS OBVIOUSLY IMPRESSED BY WHAT DAVIGNON SAID TOHIM.

9. ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY READ OUT OF FRYDENLUND/DAVIGNON CONVERSATION, PLUS AVAILABLE INFORMATION OF R USE WITH RAVNE ON (A) SWEDISH AND JAPNESE POSITIONS ON US OF CONSUMPTION TAX, (B) RELATIONSHIP OF LONG-TERM PROGRAM TO BOTH EEC AND ITS COMMON ENERGY PROGRAM/ POLICY, (C) ANY JOINT RESERVATIONS OF EIGHT EEC/IEA MEMBERS TO PROGRAM AND PROSPECTS FOR LIFTING THEM, AND(D) FRENCH CONNECTION ON (A),(B), AND (C).
BYRNE

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